

*Economics*

## On Economic Security under Confrontational Globalization and the Main Concepts of Geo-Economic Warfare

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**A new academic security dimension has emerged under the aegis of contemporary international relations and is configured by the economic and social interests pursued by a number of geopolitical actors. Confrontational globalization promotes a trend of intercontinental cooperation without developing regional or national interdependence. The paper seeks to define the content of economic security and economic threat identification, and to highlight how both correlate with the international security system. A new type of warfare concept is being perceived in conjunction with the realization and implementation of economic interests and national interests as a whole. A comparative analysis of geo-economic concepts of different schools is given. On the basis of this it is possible to determine the specific features of geo-economic wars. © 2023 Bull. Georg. Natl. Acad. Sci.**

geo-economics, confrontational globalization, international relations, economic security, geo-economic warfare

Following the collapse of the Soviet Union in 1991, the existing international order underwent fundamental changes. The post-Soviet space has since become a place of struggle for political and economic influence by several players: Russia, the West, and later China. Among the main subjects of the game were energy resources, around which political conflicts arose related to access to said resources and issues connected to transmission routes (of crude oil, natural gas). In the theory of international relations, natural resources are considered the second (after space) source of state power. It is assumed that countries rich in energy

resources are superior to countries lacking them [1: 125]. Thus, the collapse of the Soviet Union gave rise to a new “big game” regarding the significant reserves of oil and natural gas in the Caucasus-Caspian region.

Globalization promotes a trend of intercontinental cooperation without developing regional and national interdependence [2]. With the onset of the COVID-19 pandemic, some experts suggested that not only the process of de-globalization, but also isolationism had begun [3]. In fact, the process of pseudo-globalization began to be seen [4], because, if only due to the global nature of the

illegal economy, the process of globalization will never end [5]. The COVID-19 pandemic contributed to the transition from hyper-globalization to turbulent globalization, while the Russian war in Ukraine and the West's economic sanctions against Russia marked the beginning of confrontational globalization [6]. Against this background, the beginning of the "Food War" [7] and, especially, the "Oil War" [8] can be qualified as the beginning of a global geo-economic conflict.

New momentum that may result in geo-economic wars could be reconsidered energy resources delivery options to the international markets. The energy resources, including natural gas and crude oil, are currently the most important commodities that the Caspian region, as a possible target area and geo-economic warfare zone, can offer the world, and those resources are becoming new geo-economic instruments in the promotion of the national interests of various concrete actors. The problem, however, is the location of the deposits, as the countries boasting energy resources do not have direct access to maritime trade routes, with the exception of Georgia, which has access to the Black Sea. Therefore, the export of those resources depends on costly investments in land infrastructure. Hence, the weakness of Azerbaijan, Turkmenistan and Kazakhstan, which have the discussed resources, is their vulnerability to political and economic pressure from the bigger international players surrounding the Caspian Sea region. This was particularly visible before 2009, when the entire export of natural gas and crude oil could take place only through Russian infrastructure, which was the result of the decisions the authorities in the Kremlin made during the Soviet era. Thus, natural gas and crude oil from the countries surrounding the Caspian Sea could reach Europe only with the political consent of the Russian Federation [9: 427].

Classical geopolitics was rather rigid, however, in its assumptions about the limiting factor posed by geography. A core assumption of many classical geopolitical studies was that geography is immutable

and cannot be overcome. Hence, if a country occupies certain strategic territories or has access to crucial chokepoints in international waters, it will always be able to dictate its will to other nations and have a permanent political advantage. Halford MacKinder, in 1919, claimed, "Who rules East Europe commands the [Eurasian] Heartland; who rules the Heartland commands the World-Island; who rules the World-Island commands the world [10]." If that were true, the Soviet Union – as the country that ruled Eastern Europe and the Eurasian heartland – should have won the Cold War [11: 33].

Eurasia attracts attention not only because of its wealth of natural resources, in particular energy, but above all because of its ability to influence global geopolitics. The persistence of numerous unresolved conflicts in the region directly or indirectly affects relations between the great powers and states of importance at the regional level. The dissolution of the Soviet Union revealed pre-existing regional tensions: ethnic or territorial conflicts that had been suppressed by the Soviet authorities. The outburst of some of these claims has created significant international tension [12].

Geo-economics is an interdisciplinary field that examines economic and geopolitical concerns in an international context [13-15]. It combines elements of political science, economics, and international relations to study the relationship between economic policy, security (including economic security) matters, and geography. The field draws on a variety of theories and concepts, including realist international relations theory, neoliberalism, and market-oriented economic theories. It emphasizes the importance of power, resources, and strategies in international politics, as well as the role of government policies in influencing economic conditions. Geo-economics has become increasingly relevant in recent years, as the world has become more interconnected and the stakes in international politics and economics have risen. The field is increasingly relevant to businesses interested in international markets as well as to political actors who must navigate the complexities

of global economic policy. The concept of geo-economics emerged in the post-Cold War era as a way to understand and analyze the interplay of economic and geopolitical factors in the international system. It looks at the ways economic transactions, investments, and trade interact with political and economic security considerations, and how economic flows and activities can shape international relations and power dynamics. By analyzing the economic and geopolitical elements of a particular region or country, geo-economics can provide strategic insights that allow policymakers to better understand the underlying dynamics of global economic and political systems. The term entered the lexicon in 1990 with an article by Edward Luttwak, which argued that, following the Cold War, the importance of military power had given way to geo-economic power [16]. In that context, economic power remains

the key element in providing a geo-economic basis, and promotes this tendency in the sphere of current international security. Samuel Huntington identified the rise of economic considerations in international relations. Notably, he said: “Economic activity is, indeed, probably the most important source of power, and in a world in which military conflict between major states is unlikely, economic power will be increasingly important in determining the primacy or subordination of states” [17: 72].

How it is possible to convert theoretical applicability into a practical stance is perfectly reflected in Russia’s approaches to exploiting its geo-economic missions and goals, which stem from the three geo-economic school narratives, with the main focus on the Eurasian space.

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**Table. The main implications and principles of the geo-economic schools (American, Russian and Italian)**

American School of Geo-economics	Russian School of Geo-economics	Italian School of Geo-economics
<ul style="list-style-type: none"> <li>❖ Authors: S. Huntington [18], E. Luttwak [19]</li> <li>❖ Duration: 1990s</li> <li>❖ Geo-economics – economic realism defense and offense strategies aiming at supremacy in economic development at the global level and achieving social security parameters for one’s own population at the expense of others</li> <li>❖ Aims of geo-economic strategy – consolidation of national willingness to achieve success in global economic battles. Promoting high technology Colbertism</li> <li>❖ Global Dualism: Economics vs. military power</li> <li>❖ Global Actors: Nation+Corporation+Financial Capital Institutions</li> <li>❖ World Economic Order=geo-economic competition+geo-economic war+global economic hegemony</li> <li>❖ Geo-economic policies: President Trump Administration policy implications</li> <li>❖ Provisions: Geo-economic national interests, global financial supremacy and hegemony in international economic institutions. Geo-economic intelligence</li> </ul>	<ul style="list-style-type: none"> <li>➤ Authors: A. Chubais [20], E. G. Kochetov [21]</li> <li>➤ Duration: 1990-2000s</li> <li>➤ Geo-economics – is a civilization development case promoting industrial and technological cooperation, and partnership within a transnational economic network setting</li> <li>➤ Win-Win strategy</li> <li>➤ Regional interdependence and inter-collaboration-based global diasporas, global transnational corporations and regional anthropostructures</li> <li>➤ Provisions: Liberal imperialism strategy, corporativism and economic collective unionism</li> <li>➤ Geo-economic policies: President Putin’s Eurasian Economic Union+Gas Global Cartel</li> </ul>	<ul style="list-style-type: none"> <li>❑ Authors: P. Savona, C. Jean [22]</li> <li>❑ Duration: 1990s</li> <li>❑ Geo-economics – is the sum of all efforts of economic instruments and efforts placed into a common strategy exploited by the government in order to behave correctly in financial markets and the world economic system</li> <li>❑ Principles: Conceive battles between urbanistic entities and geo-economic imperia ones</li> <li>❑ Dualism: Social security vs. Global Capital</li> <li>❑ State centrism is an anachronism and international society economics matter</li> <li>❑ Wealthy conditions without social expenses. Technology economics drives the world order</li> <li>❑ Regional economic unification and high integration</li> <li>❑ Geo-economics is an alternative version to geopolitics and exploits its methodology in a limited manner, focused on financial resources, energy resources and energy geopolitical opportunities</li> </ul>

but above all because of its ability to influence global geopolitics.

The above Table demonstrates that geo-economics as a new academic direction is based on the mentioned three theoretical school provisions and assumptions. The three school provisions do not so much differ among themselves, aside from the fact that the American theoretical trend mainly focuses on the economic globalization order with American economic hegemony perspectives, whilst the Russian and Italian school trends are oriented to-

wards the promotion of energy security and regional economic security processes.

In the conditions of confrontational globalization, the priority is to ensure the economic security of all countries that directly or indirectly suffer from Russia's war in Ukraine [23]. It directly follows from this that each interested country needs to take into account the main trends of various scientific geo-economic schools in order to adequately form the right economic security strategy.

## ეკონომიკა

# ეკონომიკური უსაფრთხოების შესახებ კონფრონტაციული გლობალიზაციის პირობებში და გეოეკონომიკური ომის ძირითადი ცნებები

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\*\* კავკასიის საერთაშორისო უნივერსიტეტი, თბილისი, საქართველო; ბიზნესისა და მეწარმეობის უნივერსიტეტი, ოსტროვიც სვიეტოკრუსკი, პოლონეთის რესპუბლიკა

თანამედროვე საერთაშორისო ურთიერთობების სფეროში წარმოიშვა უსაფრთხოების ახალი აკადემიური განზომილება, რომელიც კონფიგურირებულია ზოგიერთი გეოპოლიტიკური აქტორის ეკონომიკური და სოციალური ინტერესების განხორციელების თვალსაზრისით. კონფრონტაციული გლობალიზაცია ხელს უწყობს კონტინენტთაშორისი თანამშრომლობის ტენდენციის განვითარებას რეგიონული და ეროვნული ურთიერთდამოკიდებულების განვითარების გარეშე. გარდა ამისა, სტატიაში მოცემულია ცდა განისაზღვროს ეკონომიკური უსაფრთხოებისა და ეკონომიკური საფრთხეების შინაარსი, აგრეთვე ის, თუ როგორ უკავშირდება ისინი უსაფრთხოების საერთაშორისო სისტემას. განსაკუთრებით საინტერესოა, რომ ახალი ტიპის ომის წარმოების კონცეფცია აღიქმება ეკონომიკური ინტერესების და, ზოგადად, ეროვნული ინტერესების რეალიზაციასთან ერთად ერთ მთლიანობაში. მოცემულია სხვადასხვა სკოლის გეოეკონომიკური ცნებების შედარებითი ანალიზი, რის საფუძველზეც შესაძლებელია გეოეკონომიკური ომების სპეციფიკური თავისებურებების დადგენა.

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